

Chairman Tom Davis Opening Statement Committee on Government Reform Hearing, "Financial Friendly Fire: A Review of Persistent Military Pay Problems" April 27, 2006

Today we continue the Committee's oversight of Department of Defense payroll, personnel, and medical systems intended to serve deployed service members, particularly those wounded in battle. Four previous hearings, here and before our Subcommittees, examined specific aspects of a military finance process that was badly broken. This morning we will discuss the impact of overpayments and subsequent debt collection actions on the lives of soldiers and their families.

Between public sessions, the Committee receives frequent briefings from the Defense Finance and Accounting Service (DFAS), the Army, and the Government Accountability Office (GAO) on the status of short-term work arounds, mid-term initiatives and long-term plans to modernize and integrate vital functions that sustain the financial lives of those injured in our defense. What we've learned continues to raise serious questions about the pace and adequacy of efforts to address longstanding systemic problems.

After hearing from many who had encountered pay and debt problems, we tasked GAO to determine how many returning soldiers (from both active and reserve components) had been overpaid, how much was owed and what steps DOD took to collect. We also asked GAO to focus specifically on overpayments to injured National Guard and Reserve soldiers who transition through facilities at Fort Bragg, North Carolina, one of 23 Army Medical Retention Processing Units.

Keep this fact in clear focus: almost without exception, the debts we're talking about are caused by a sluggish, misfiring pay system, not the solider. Hazardous duty bonuses and other deployment-specific payments are not always shut off when the service member comes home. Once the error is discovered, it's the solider or the family who gets the bill, not the Army. In some cases, a lump-sum deduction wipes out an entire paycheck. Other debts are reported to credit bureaus and sent to collection agencies, marring credit histories and impairing a family's ability to complete the healing process and get on with life. Literally adding insult to injury, the systems that are supposed to nurture and support returning warriors too often inflict additional wounds to their financial health.

The GAO reports released today point to this conclusion: convoluted, disjointed and error-prone personnel and pay systems continue to impose needless hardships on military members and their families. Despite earnest efforts by DFAS and the Army to train personnel, craft new procedures and address individual problems, it's still far too likely the system will get it wrong. The sad sagas we will hear today from wounded soldiers about pay errors and debt collections are not anomalous or isolated cases. They bring tragic proof that a Byzantine and stove-piped system grinds on, all but impervious to fundamental change.

In previous testimonies, DOD promised interim steps to merge pay, personnel, and medical data on returning soldiers so managers would not financially "shoot the wounded" by starting collection actions while the patient was still healing. In fact, the Wounded in Action Pay Management Program has cobbled together a tracking system. Many erroneous payments are being caught, and debts are being deferred or cancelled. But a more comprehensive interim fix, the Forward Compatible Payroll system, was over budget, behind schedule and has been abandoned. That does not bode well for successful development of the planned long-term fix: a fully integrated finance and personnel platform, the Defense Integrated Military Human Resources System. For the foreseeable future, wounded soldiers trying to avoid drowning in debts not of their making have to hope DFAS and the Army can keep plugging holes in aging, leaky legacy systems.

Last year Congress gave the military Service Secretaries additional authority to forgive some debts, but the provision is set to expire next year, creating potential inequities for those discharged before or after the eligibility period. So we asked GAO and our other witnesses to recommend ways to make this process more soldier-friendly. The most complex battlefield system fielded by this nation, the human soldier, deserves to be supported by fully modern, sophisticated human resource systems that account for the entire life-cycle of those precious assets. Soldiers already injured should never face the risk of having their credit standing crippled as well due to error-prone military pay systems.

Thank you for your testimony. All the witnesses today bring important information and perspectives to this important work, and we look forward to a constructive discussion.